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TAGS: PREL EFIN KTFN ECON PTER PGOV EUN LU
SUBJECT: JUSTICE MINISTER WARNS INTERNATIONAL BANKERS ABOUT NORTH KOREA

Classified by CDA Steven H. Kraft, reasons 1.5 b & d.

¶11. (U) In remarks during an October 23 financial seminar in Tokyo, Luxembourg Minister for Justice and Budget Luc Frieden warned financial institutions to be extremely cautious in any dealings which might involve North Korea. As he has often in other public fora, Frieden touted Luxembourg's "leading role" in establishing a regulatory system to monitor suspicious financial transactions. He noted that his government is "extremely watchful when it comes to financial transactions, direct or indirect, with North Korea," and emphasized that as a member of the Financial Action Task Force, Luxembourg would continue to play a leading role in combating money laundering and terrorist financing.

¶12. (C) Comment: Our discussions with GOL officials have consistently confirmed Luxembourg's stated policy to maintain rigorous oversight of its financial sector. Not only is Luxembourg a committed player in the Global War on Terror on principle alone, it also has critical economic reasons to combat terrorist financing and money laundering: it is determined to maintain its place, and reputation, as a world leader in investment fund registrations and banking more generally. The financial services sector is a central component of Luxembourg's economy. GOL officials have gone out of their way to cooperate with the USG in financial investigations, and Frieden has been an especially helpful and positive interlocutor for the Embassy. End comment.

KRAFT